

Concordia University

**1995-96 Provisional
Operating Budget**

8 May 1995

Introduction

Past

Following years of severe underfunding, the period of 1986-87 to 1992-93 saw an increase in Concordia's revenues. The University's revenues increased from \$119.4 million in 1986-87 by 59.8% to \$190.8 million in 1992-93. This represented an increase in annual revenues of \$33.2 million in real terms, ie., beyond inflation. Almost \$15 million of the additional revenue was the result of corrections to Concordia's base funding over the period; the lifting of the freeze on tuition fees in 1990-91, phased in over two years, generated an additional \$10.5 million in revenue. By 1992-93 Concordia was being funded at the average of Québec universities, although still behind other Canadian universities.

In spite of the increase in revenues, expenditures continued to exceed revenues and the deficit continued to grow until it reached a maximum of \$ 43,553,370 in 1989-90. The following year a balanced budget was achieved and Concordia was able to start repaying its accumulated deficit.¹ In subsequent years, the University has continued to meet its obligation with respect to the deficit and will achieve a balanced budget for the current year, 1994-95, and make payments towards the accumulated deficit which totalled \$35,777,620 as of 31 May 1994.

Present situation

As stated in the document *Dealing with the Cuts: Budget Measures for 1995-96*,² expenditures must be reduced by approximately \$10 million for 1995-96. This represents a decrease of 6.31% of the 1994-95 admissible operating budget, which was \$158.422 million³. Some of the factors that lead to the required cut of \$10 million have changed as a result of new information and analyses, but the result is still the same.

Increases in expenses/reductions in revenue

- a) The estimated loss of revenue in government funding and tuition is now \$3.2 million, an increase of \$1.2 million over the figure in the document *Dealing with the Cuts: Budget Measures for 1995-96*. Most of this loss is due to an alarming continuation of the decreasing trend in student enrolments. According to the figures for Winter 1995, there is

¹ See Evolution of Revenues and Expenses, Schedule 1 in the appendix.

² *Dealing with the Cuts: Budget Measures for 1995-96* was published as a supplement to the 9 March 1995 issue of Concordia's Thursday Report.

³ The total 1994-95 operating budget, including Ancillary Services and Student Services, is \$192.124 million.

a drop of over 3% relative to the previous year. The result is a combined loss of tuition revenues of \$1.7 million relative to the amount in the 1994-95 budget. The expected loss of government funding due to the decline in enrolments in calendar 1994 relative to 1993 now stands at \$1.6 million, \$200,000 more than expected two months ago. This is the result of an error by the Ministry in counting a certain category of students. The correction (that will also affect other universities) was recently announced by the Ministry and made retroactive to Fall 1994. This means that the funding for 1996-97, which is based on the enrolment change in 1995, will include the effects of this change for a whole year.

- b) The estimate of interest expenses on the accumulated deficit has been increased by a further \$300,000.
- c) Additional Security costs beyond what can be reallocated are estimated to be \$200,000.

The total of these changes is \$1.7 million.

Increases in revenue/reductions in expenses

- a) Increased revenues of \$150,000 will be generated from higher parking rates at Loyola and at the downtown locations (other than the McConnell building).
- b) A further net increase of \$550,000 is expected from higher application fees and an increase in the term fee for undergraduate students.
- c) There will be a reduction of \$1 million in the Rentals budget because of the combined effect of two factors: actual costs of leases will drop next year to a lower level than expected earlier; in addition, the budget for the current year is overstated.

These changes will offset the other \$1.7 million. The expected cut is therefore still \$10 million.

Future outlook

Additional cuts will be required in each of the next several years, and it is still expected that Concordia will have to reduce its base operating budget by at least \$30 million over the next five years.

In order to cope with the current and future cuts, it is important to understand how the University's operating budget is funded.

Funding of the University's Operating Budget

The main sources of revenues that determine Concordia's operating budget are as follows: tuition and miscellaneous student fees; the government block grant which reflects the evolution of the University's historical funding base; special purpose government grants; and overhead for contract research.

Tuition and miscellaneous student fees revenues is determined by our current enrolment. Tuition fees are set by the Ministry and will remain frozen for 1995-96. Total tuition revenues for 1994-95 are \$30 million. The budget for the other miscellaneous fees paid by students (such as application fees and term fees) is currently \$735,000.

The government block grant reflects the University's previous year's base funding level to which various indexation and/or compression factors are applied, including funding for additional students as described below. Concordia's 1994-95 block grant totalled \$131 million.

Various special-purpose government grants supplement our primary funding base. The special-purpose grants that have the most impact on the annual adjustments to our funding base are as follows:

- a) **Grant for graduating students** rewards degree completion and emphasize student retention. Degrees conferred are funded currently at the rate of \$500 per Bachelor (Baccalaureate) degree, \$600 per Master (Magisteriate) degree and \$1,000 per Doctorate. Concordia's 1994-95 grant amounted to \$2 million. The government recently proposed that the funding formula be changed in the future to take into account the length of time for degree completion.
- b) **Grant for additional students** rewards student recruitment and retention through providing additional funds for net gains in full-time equivalent (FTE) enrolment and decreases in funding when FTE enrolment drops. Grants for additional students (or reduced funding for fewer students) are built into the block grant the following year and thus become part of the University's base operating fund. They are recurring as opposed to most of the other special-purpose grants which are one-time grants.

Increased funding for additional students is one of the most important sources of new revenue for the University. In 1992-93 Concordia received \$1.533 million as a result of net positive changes in student enrolment. In several years prior to 1992-93, Concordia received up to \$5 million per year in additional funding from this source. In spite of government cuts in funding, over \$26 million was injected into the base budgets of Québec universities in 1993-94 for net new students; however, Concordia's share of this envelope was only \$508,000. In 1994-95,

although more than \$14 million was distributed throughout the Québec network, Concordia lost \$331,000.

- c) **Grant for overhead on externally funded research** reimburse the University for indirect research support costs for buildings, equipment, laboratories and administrative costs. It provides up to 15% of annual external research grant dollars received by Concordia researchers, averaged over three years. The 1994-95 grant totalled \$1.7 million.
- d) **Fonds de développement des programmes** are awarded to partially fund start-up costs for new programmes. Grants are also available to subsidize programmes that have been revised substantially. The grants for revised programmes are allocated throughout the network on a competitive basis and in order to qualify, programmes must have been appraised previously according to the criteria established by CREPUQ. In 1993-94, \$2 million for fonds de développement des programmes was injected into the Québec system. In the current year, a total of \$346,000 to fund start-up operating costs for the two new Ph D programs (Biology and Mathematics) and the new Masters in Applied Social Science was approved by the Ministry and will come from this envelope.
- e) **Grant for rented space** is an amount that covers most but not all of the costs of leases authorized by the government. The portion that is not funded is considered by the Ministry to be included in the grants for additional students; the University's total space entitlement is determined by the number of students in the various disciplinary sectors. The grant for 1994-95 is \$5.4 million.

Overhead for contract research is charged by the University against contract research revenue to off-set costs and to recover direct salary and non-salary expenditures. About half the revenue from this source is reinjected into research and the remainder goes to the general University operating budget. Revenue for overhead for contract research have dropped steadily from more than \$300,000 in 1989 to about \$170,000 in 1993.

Opportunities for additional revenues in 1995-96 are limited in the light of the tuition freeze next year. Physical Resources is an area in which revenue-generating construction and renovation projects were curtailed last year as a result of provincial decrees that require most renovation work to be carried out by certified construction workers at established wage scales. Despite the restrictions, there may be opportunities to recover some of the losses by working on smaller projects.

Process for Arriving at the 1995-96 Provisional Budget

Restatement of some of the points in *Dealing with the Cuts*

Because Concordia does not have a clearly articulated long-term development plan or a strategic

academic plan to guide decisions with respect to the budget cuts for 1995-96, we need to ensure that decisions made now are not detrimental in the long term. Furthermore, we must be careful not to make fundamental changes to our academic programs when there is insufficient information to do so. At the same time we must ensure that the impact of any budget decisions do not have a detrimental effect on our student body. To be better positioned to deal with future cuts to the operating budget, we need to develop and implement both short and long-term strategies to cut costs and generate new revenues. Some of these strategies will be achieved as we do the following:

- continue work on a strategic academic plan and a long-term development plan for the University that will help to establish institutional priorities;
- identify those operations that should no longer consume our resources;
- use the Academic Appraisal Process to find ways to improve the quality of our academic programmes and services where it will count; and
- through the organizational review process, streamline operations and reduce costs in the administrative units.

Consultation

Dealing with the Cuts stressed the need for consultation with the University community in determining how the \$10 million cut will be distributed. The document also presented 14 possible measures that could be implemented to cut \$10 million from the 1995-96 operating budget.

During March and April, members of the Office of the Rector met with groups throughout the University to discuss distribution of the \$10 million cut, to receive further ideas and suggestions from members of the community and to clarify issues and respond to questions regarding the cut. As part of the consultation process, the following occurred:

- The Office of the Rector met several times with the Deans.
- Open meetings with members of the Office of the Rector were held in all Faculties.
- All the Deans met with the Chairs of their Faculties.
- The Interim Vice Rector Institutional Relations & Finance, Vice Rector Services and Secretary General each met with their Directors.
- The Interim Vice Rector Institutional Relations & Finance met with the Chairs' Caucus Budget Committee.
- Members of the Office of the Rector met with some of the bargaining units at their

request.

- An extraordinary Senate meeting was held on 21 April 1995 to discuss implications of the budgetary proposals for the academic functioning of the University.
- In response to the proposed cuts, documents were prepared by some groups such as the Chairs' Caucus Budget Committee and the Directors of the Research Centres.

During the consultation process, a small committee was set up by the VR IR&F to help determine the feasibility of suggested cost-cutting measures. This group will be available for consultation throughout the next year as we develop strategies for dealing with future cuts and generating new revenues. Members of the University community, in particular Deans, Faculty Planning Committees and Directors, are encouraged to take advantage of the expertise of this group and should contact Institutional planning and Research if they require assistance in evaluating or analyzing ideas or proposals for the future.

Distribution of the \$10 million Cut

The \$10 million cut will not be applied in a pro-rata manner across the University. Based on feedback and discussions that took place during the consultation process it was decided by the Office of the Rector and the Deans to distribute the cut as follows:

Sector/Area	Amount of cut	Proportion of cut relative to the 1994-95 operating budget
Administrative and Support/Services Sectors	\$4.3 million	8.34% of their total 1994-95 operating budget of \$51.543 million
Four Faculties	\$5.2 million	5.15% of their total 1994-95 operating budget of \$100.923 million
Academic Sector outside the Four Faculties	\$500,000	8.39% of their total 1994-95 operating budget of \$5.956 million

Administrative and Support/Services Sectors

Within the Administrative and Support/Services Sectors the \$4.3 million cut will be achieved through cost savings from the organizational review process (\$1.3 million), early retirements (\$1.0 million) and additional departmental budget cuts of 4% across the sectors (\$2.0 million).

Four Faculties

A model was developed to determine how the \$5.2 million cut will be distributed among the four Faculties. The model uses performance indicators that evolved from the work of SCAPP's Academic Planning & Budget Process. The indicators reflect levels of resources and activity for each Faculty relative to the others. Through the consultation process and discussions at meetings of the Office of the Rector and the Deans, the principle of using performance indicators was accepted. A full explanation of the model actually used to distribute the Faculties' share of the \$10 million cut, as well as a more detailed description of the indicators, is in the appendix.

Indicator 1: Research Revenue measures the average grants and contract dollars received per full-time faculty member as compared to network averages. (Data for 1992-93 are used for this indicator because complete data for following years are not yet available.)

Indicator 2: Graduate Studies Supervision represents the ratio of graduate students in research programs to full-time faculty. This indicator demonstrates the University's priority of improving graduate studies and recognizes the link between teaching and research. In addition to measuring faculty supervision of thesis students, this indicator also reflects the number of graduate students indirectly supported by faculty members' research grants and contracts. The data used are for 1994-95.

Indicator 3: Teaching Load represents the average course load of full-time faculty, including Chairs, for the 1992-93 academic year. It recognizes and emphasizes the teaching role of full-time faculty. (Data for 1992-93 are used for this indicator because complete data for following years are not yet available.)

Indicator 4: Revenues/Expenditures Ratio stresses the importance of student recruitment and retention, degree completion and research grants. The ratio compares the estimated funding generated by a Faculty relative to total expenses. For each Faculty, ratios are first calculated for 1992-93 and 1993-94 and then averaged to obtain Indicator 4.

The revenues portion of the ratio for each Faculty takes into account the following:

- theoretical estimates of base funding calculated using average network disciplinary costs as determined by government methodology;
- tuition fee revenue;
- government grants for degrees awarded;
- revenue generated for indirect costs of research contracts and government grants for indirect research costs, based on the total amount of external research grants received; and
- interest generated by the net positive balance of research funds. As required by the government, this is used to reduce the interest expense on the University's accumulated deficit.

The expenditure component of the ratio is based on the actual expenses for the Faculty (including the offices of the Deans, which had been omitted from an earlier calculation of this indicator).

Indicator 5: Funding for Additional Students represents actual net gains or losses in funding based on changes in full-time equivalent (FTE) enrolment within each Faculty between 1994-95 and 1993-94. This indicator takes into account all students taught by a given Faculty and reflects the impact on the University's funding when enrolment increases or decreases in a particular Faculty. It stresses the importance of effective and coordinated recruitment and retention efforts.

It is the intention to use the performance indicators in subsequent years. The impact of the current indicators will be studied in more detail in the next few months. In any event, the model will continue to be developed, and will have to allow for factoring in of priorities once they are determined.

Academic Sector outside the four Faculties:

This includes the School of Graduate Studies and a number of units such as the Centre for Mature Students, The Institute for Cooperative Education, Learning and Development and Research Services. The Vice-Rector, Academic has met with the Dean of the School of Graduate Studies and will consult with the other Directors and unit heads.

This sub-sector also includes two budget areas for expenses that are not charged to Faculties or Departments. The Academic General budget includes the salaries of Deans, administrators on leave, expenses for academics on sabbatical leave and relocation expenses for new hires, as well as the expenses authorized by the

Visiting Lecturers Committee. The other budget, Early Retirement, covers the cost of the lump sum paid to academics who take early retirement. Both of these budgets are determined by projected actual expenses, and are adjusted accordingly.

How the \$10 million Cut will be Absorbed

Four Faculties: (\$5.2 million)

Note: Some of the details of the cuts will be made within each Faculty may change following further analysis by the Faculties.

<u>Arts & Science</u>	<u>\$2,678,000</u>
20 faculty positions to be kept open	1,100,000
Reduction in LTA appointments from 48 to 24	1,000,000
Reduction in part-time teaching contracts	200,000
Staff positions held open	100,000
Other miscellaneous cuts	278,000

Commerce & Administration \$1,152,000

Because of the magnitude of this cut (due to the significant reduction in student numbers), the Faculty will not be able to achieve this goal in one year without doing significant harm to its ability to generate revenues in the future. An expense reduction of \$760,000 will be achieved in 1995-96. For this year only, the balance of \$392,000 will be covered from the savings in the University's contribution to the pension fund (see the Special Note at the end of this section).

The details are:

Unfilled faculty positions	350,000
Increased teaching for excluded faculty administrators	50,000

Unpaid leaves	150,000
Reduction in part-time teaching contracts	150,000
Reduction in non-salary budget	60,000
<u>Engineering & Computer Science</u>	<u>\$851,000</u>
Faculty positions to be kept open	410,000
Reduction in budgets for laboratory instructors	154,000
Reduction in part-time teaching contracts	125,000
Elimination of budget for one LTA position	40,000
Staff and other positions in Office of the Dean to be kept open	76,000
Reduction in non-salary budget	46,000
<u>Fine Arts</u>	<u>\$519,000</u>
Faculty positions to be kept open	45,000
Savings due to retirements	129,000
Reduction in part-time teaching contracts through increased teaching load for full- time faculty	165,000
Reduction in non-salary budget	40,000
Unpaid leave	140,000

In addition to these cuts, the current deficit with respect to part-time faculty expenses will be reduced by \$55,000.

Academic Sector outside the four Faculties: (\$500,000)

- a) Academic General 250,000

The Academic General budget will be reduced by this amount, primarily as a result of savings in administrative leaves.

- b) School of Graduate Studies 50,000

The budget of the School of Graduate Studies will be cut by \$50,000. This will be achieved mostly from the non-salary budget (reduced costs of producing the calendar and other publications, equipment, etc.) as well as some part-time and casual help.

- c) The Industrial Liaison 130,000

The Industrial Liaison Department was created in 1990 at a cost of \$75,000. The expectation (written into the 1990-91 Provisional Operating Budget document) was that there would be no net cost, because this expenses would be offset by an equivalent amount of new revenue from the University's share of the overhead on new contracts. Instead, overhead revenues have fallen steadily since that time. It is expected that this unit will work with the Faculties and with industry to generate substantial income for the University, and pay its own way from now on.

- d) Other units 70,000

The balance of the cuts in this area (\$70,000) will be distributed throughout the other units in consultation with the Vice-Rector, Academic.

Administrative and Support/Services Sectors: (\$4.3 million)

- a) Early Retirement Program 1,000,000

It is expected that by the end of the year a total of \$ 1 million (of the expected total of about \$1.4 million) will be saved in these sectors by closing approximately 30 positions through the early retirement program for staff.

- b) Organizational Reviews 1,300,000

This amount represents the original objective of cutting costs by \$5 million

over 5 years. The same amount will now have to be cut over 4 years and will come largely from additional reductions in staff, as well as cuts in some non-salary expenses.

Note 1: The objective is to cut dollars permanently from the budget. A one-time amount will be available (by suspending the University's contribution to the pension fund in 1995-96) to fund part of the cost of the early retirement program as well as incentives to Departments throughout the University to make their cuts in a manner that will build on our strengths and maximize the possibilities for generating revenues in the future (see the section Special Note below and the section on incentives). A portion of this fund will also be used to offset the salary costs from 1 June to the time that positions are closed (through the early retirement program and as a consequence of the organizational reviews).

Note 2: The selective hiring and replacement of staff will continue in 1995-96. As the year progresses, the results of these two measures will be closely monitored. If it becomes necessary, the rate of replacement of staff through normal attrition will have to be reduced in order to meet the University's overall financial target.

- c) Reduction of the subsidy to Student Services 150,000

In 1990 a subsidy of \$250,000 was given to Student Services to help them cope with the cost of retroactivity when new salaries were established through the Job Evaluation program. The subsidy has continued since that time, even though the associated expenses have been paid. It is expected that the remaining \$100,000 will be removed in 1996-97.

- d) Elimination of the GST Rebate for most departments 300,000

This figure is an estimate of the GST rebate outside the academic sector, excluding Physical Resources, the Library and Rentals; Computing Services is also prepared to relinquish its rebate as part of its contribution to the cuts.

- e) Reductions in the Supply and Services budget 140,000

The Director of Supply and Services has submitted a proposal to reduce total salary costs by this amount through a plan to consolidate resources

between Conference Services, Mail Services and Printing Services (the last department is part of the ancillary enterprises).

- f) Elimination of the budget for examination invigilators
and the Vin d'honneur at Convocation110,000
- g) Cuts in the offices of the Office of the Rector budgets150,000

This cut will be allocated as follows:

office of the Vice-Rector, IR&F 30,000

office of the Vice-Rector, Academic 30,000

office of the Vice-Rector, Services 30,000

office of the Secretary-General 20,000

office of the Rector 40,000

- h) Balance to be cut 1,150,000

This balance represents between 2.5% and 4% of the total budget for all areas that will be capable of absorbing additional cuts. The departments report to the Vice-Rector, Services, Institutional Relations and Finance, the Secretary-General, and the Rector. Following meetings of the appropriate sector heads with the Directors in the area, there is agreement to cut current budgets by up to 4% in addition to the measures described above. These cuts will not be *pro-rata*, and will be made more specific after further consultations later this month. The magnitude of these additional cuts in a given unit will also depend on the number of closed positions due to early retirements and the organizational reviews.

Special Note

The University is expected to reduce its employee benefits expenses by \$4 million in 1995-96 as a consequence of a resolution to be passed by the Pension Committee, on recommendation of the Committee's consulting actuary, to suspend the employer's contribution to the pension fund. This action is the result of an actuarial surplus that exceeds the limits set by Revenue Canada, and is required to ensure the continuance of the tax-exempt status of the Plan. A recommendation will also been made to the Board of Governors to use a portion of the surplus to

cover most of the cost of the early retirement incentives; the amount that cannot be covered directly from the pension fund will come from the \$4 million. Because all members of the Pension Plan, not only those who will opt for early retirement, should also benefit from the large surplus, the Benefits Committee is expected to recommend to the Board that indexation of pensions be guaranteed in future. The formula for indexation is the same one that has been applied for the last 20 years.

It is expected that most of the \$4 million will be used as described in Note 1 following the description of the cuts outside the academic sector. An amount of \$1 million will be set aside to fund incentives, as described below. Any unused balance will reduce the accumulated deficit.

Beginning of a New Budget Process

Transition

As a result of Senate's approval of the Academic Planning & Budget Process and because of current and future cuts to the University's operating budget, we are moving to a budget process that is performance-based and predictable, with rules and priorities. Pending completion of a strategic academic plan and a long-term development plan for the University, 1995-96 will be a transitional year. It is expected that the full process will be in place for the 1996-97 budget cycle.

The 1996-97 budget will be informed by academic priorities. SCAPP is preparing a multi-year academic plan that will outline the priorities of the academic sector. In order to achieve this goal, all academic units are developing academic unit plans and identifying priorities. The recommendations and priorities from the unit plans will be used to develop Faculty plans and the strategic academic plan for the whole sector. These plans will inform the 1996-97 budget process and will influence resource reallocation and overall resource allocation.

Completion of the Concordia's first comprehensive long-term development plan will provide a clear set of institutional priorities for the University and will affect allocation of resources based on established priorities. Such a plan will provide direction for planning efforts in the Faculties and administrative units. At the same time the long-term development plan and institutional priorities will be informed by plans developed in the academic and administrative units, and in particular, the strategic academic plan.

Another change to the existing budget process is the introduction of incentives for areas that realize reductions in expenditures or increases in revenues.

Incentives

Throughout the consultation process, one of the most frequently heard messages was the need for incentives to encourage more rigorous budget management and to promote initiatives that will permit future savings or new revenues. For the 1995-96 budget year, the incentives can be divided into three major categories: savings realized through the reduction of post-retirement faculty; budget surpluses; and initiatives to reduce expenditures or increase revenue.

1. Post-Retirement Faculty.

For areas that are able to effect a reduction in post-retirement employees, the position will be returned and the net difference in savings between the salary of the retired employee and that of the new incumbent will count towards the Faculty's required cut.

2. Budget Surpluses.

Policies are being developed to further distribute budgetary responsibility and accountability throughout the University. As part of this development, Departments/Units will be allowed to carry over a percentage of their unspent funds to the next budget year to pay for one-time non-salary acquisitions (including services). Similarly, areas are responsible for operating within their approved budgets and, therefore, will be required to carry forward "controllable" deficits into the next budget year.

Work is still continuing on the definition of what constitutes a controllable or uncontrollable expense/saving and, hence, what is eligible to be carried forward to the next budget year. It is essential that Units not be penalized for situations that are beyond their control.

The exact surplus percentage that can be carried forward is still being determined. The principle underlying the determination is that the surplus permitted to be carried forward must be revenue neutral. That is, it must neither contribute to our deficit situation nor should it be used to increase our deficit repayment above the budgeted amount. As much of the surplus as possible will be returned to the individual Units. It is expected that the initial distribution of the surplus money will occur in early Fall 1995.

3. Initiatives to Reduce Expenditures and Increase Revenue.

Approximately one million dollars of the saving realized by suspending the University's contribution to the pension fund will be made available for initiatives that will lead to reductions in expenditures or increases in revenues. Of particular importance are programme and curriculum development; in fact, any activities that will result in more students, either through increased retention or recruitment, will be encouraged. These incentives are one-time payments that will not become part of the base operating budget.

A small committee, which will include the Vice Rector Academic and the Vice Rector Institutional Relations and Finance, will be established to evaluate proposals and make decisions regarding the funding of the initiatives.

Fair Process

Efforts are being made to ensure that the new budget process is fair. At this time the cuts may be disproportionate between areas because it is not possible to determine precisely the final outcome or impact of certain measures. For example, the number of people actually taking early retirement in a particular unit is very difficult to predict. Adjustments will be made in the following year or, if possible, in the same year, with the goal of achieving budget equity over time. To ensure that this happens, records will be maintained and the Budget Director will keep track of the cuts in each area from one year to the next, as well as a cumulative total. The 1993-94 operating budget will be used as a reference or starting point because even the budget of the current year has already been cut by \$2.5 million with respect to the 1993-94 budget.

The Budget

Schedule 2 summarizes the original 1994-95 operating budget, the supplementary budget approved by the Board in January 1995 and the changes required to build the 1995-96 budget. Schedule 3 shows a breakdown of the government grant.

Revenues: \$7.781 million decrease

The revenue budget will decrease from \$192.624 million in 1994-95 to \$184.843 million in 1995-96, for an excess of revenues over expenditures of \$1.5 million. The changes are:

Decrease in tuition revenues	(1,700,000)
Decrease in the government grant:	
a) due to loss in FTE students	(1,600,000)
b) due to Concordia's share of the cut in the total operating grant	(5,100,000)
Increase in miscellaneous student fees	550,000
Increase in Student Services fee (Student Services is essentially a self-financing operation; this increase and a small increase in expenses will lead to a balanced budget)	122,000
Increase in Parking revenue (Loyola and annex parking downtown)	150,000
Decrease in revenue for Ancillary services (Residences, Bookstores, Printing, Continuing education) - there is also a reduction in expenses, but a smaller net profit.	(203,000)
TOTAL	(7,781,000)

Expenditures: \$8.781 million decrease

The expense budget will decrease from \$192.124 million in 1994-95 to \$183.343 million in 1995-96. The changes are:

Increased cost of Security beyond what can be reallocated	200,000
Reduction in Rentals budget due to lower rental costs than were budgeted	(1,000,000)

Increase in interest expenses 608,000

Net increase in salaries and employee benefits. The total of \$2.465 million includes \$1.5 million in net salary increases (taking into account the dollars recovered from turnover of faculty and staff), \$500,000 for increased benefits and a further \$ 465,000 to cover the cost of one additional working day in 1995-96.

Because more dollars were recovered from turnover in the current year than expected, the net increase is \$1.648 million. (To cover the shortfall in employee benefits, the benefits rates for 1995-96 will increase from 15.5% to 15.75% for full-time employees, and from 10% to 11% for part-time employees. 1,648,000

Extraordinary costs will decrease to \$150,000 to cover the expenses associated with completing the implementation of the financial controls, as agreed with NSERC and FCAR, by the end of 1995. This includes retaining the Associate Vice-Rector, Finance and related costs. It should be noted that \$500,000 of this reduction will return the budget surplus from \$500,000 to the \$1 million in the original budget. The addition of another \$500,000 in the 1995-96 budget is in compliance with our plan to repay the accumulated deficit. (654,000)

A reduction in Ancillary Services expenses (104,000)

An overall reduction of \$10 million (10,000,000)

TOTAL (8,781,000)

Special Note: The \$4 million in reduced contributions to the pension fund is shown at the bottom of Schedule 2 as a saving and expense (as explained in this document) that will not affect the base budget. Any remaining funds from this amount will increase the expected surplus at year end.

Appendix

Evolution of Revenues and Expenses

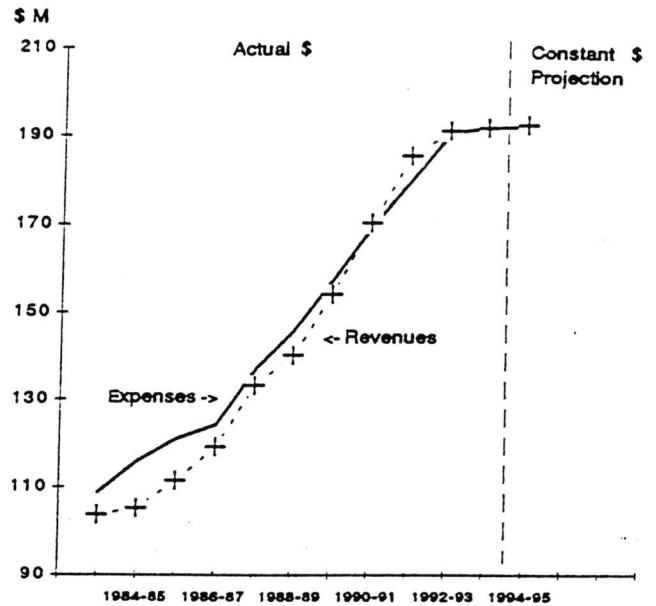
Concordia University 1983-84 to 1995-96

	Audited Statements ('000 \$)			
	Revenues	Expenses	Annual Surplus or (Deficit)	Accumulated Deficit
1983-84	103,663	108,662	(4,999)	(6,165)
1984-85	105,121	115,872	(10,752)	(16,917)
1985-86	111,353	120,919	(9,566)	(26,483)
1986-87	119,266	124,221	(4,955)	(31,437)
1987-88	133,337	136,843	(3,506)	(34,944)
1988-89	140,132	145,790	(5,658)	(40,602)
1989-90	154,179	157,130	(2,951)	(43,553)
1990-91	170,197	169,285 *	912	(42,642)
1991-92	185,456	179,720 *	5,736	(36,906)
1992-93	191,240	190,647 *	593	(36,313)
1993-94	191,925	191,890 *	35	(36,278)
** 1994-95	192,624	192,124	500	(35,778)
1995-96				

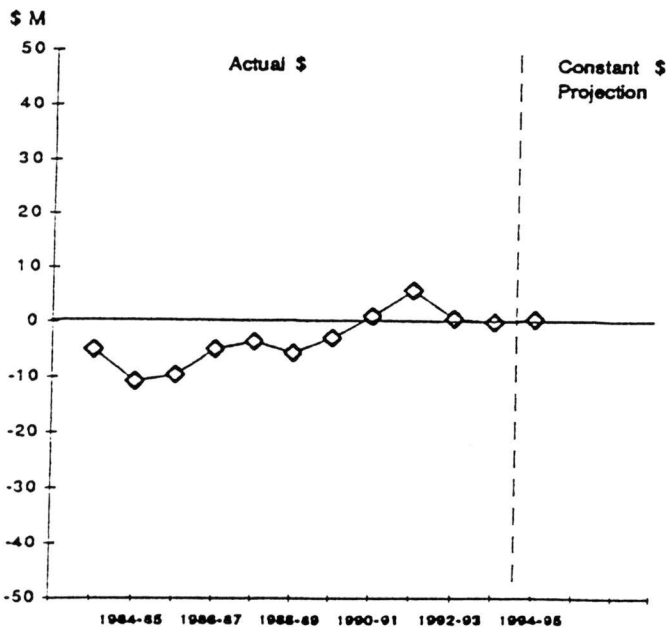
* Including appropriations.

** As per PROPOSED SUPPLEMENTARY OPERATING BUDGET.

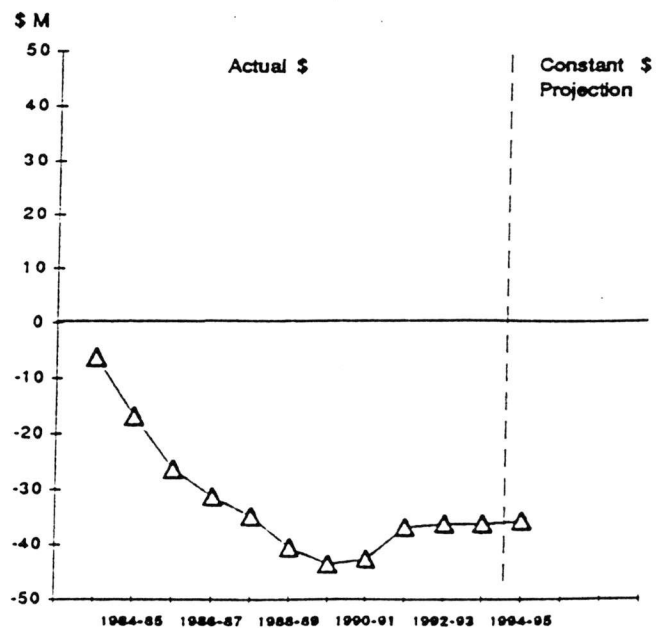
Revenues and Expenses



Annual Surplus or Deficit



Accumulated Deficit



CONCORDIA UNIVERSITY
PROVISIONAL OPERATING BUDGET 1995-96

Schedule 2
1 of 3

	APPROVED BUDGET 94-95	SUPPLEMENTARY BUDGET 94-95	(in thousands of dollars) CHANGES 95-96	PROVISIONAL OP. BUDGET 95-96
<u>Unrestricted</u>				
<u>REVENUE</u>				
University admissible				
Tuition fees	31,028	31,028	(1,700)	29,328
Province of Quebec operating grant	135,767	135,574	(6,700)	128,874
Integration - Actions Structurantes				
Arts & Science	241	241		241
Engineering & Computer Science	482	482		482
Miscellaneous fees	735	735	550	1,285
Other income	1,388	1,588		1,588
	169,641	169,648	(7,850)	161,798
Student services fees and other revenues	3,982	3,982	122	4,104
Province of Quebec Student services operating grant	1,452	1,349		1,349
	5,434	5,331	122	5,453
Continuing education	2,825	2,925		2,925
Parking Revenue	188	188	150	338
Other Ancillary services	11,397	11,497	(203)	11,294
Commerce Business Units	2,436	2,436		2,436
Designated Revenue		600		600
Total Revenue	191,920	192,624	(7,781)	184,843
<u>EXPENSE</u>				
University admissible				
Academic	106,190	106,190		106,190
Academic services	19,426	19,426		19,426
Administration	19,630	19,630		19,630
Security	1,926	1,926	200	2,126
Operational service	12,021	12,021		12,021
	159,193	159,193	200	159,393
Other				
Work Study Program	303	303		303
Concordia Assistance - CCSL	250	250		250
	553	553	0	553
Special Items				
Rented Facilities	7,661	7,661	(1,000)	6,661
Interest expense, net	799	799	608	1,407
	8,460	8,460	(392)	8,068
Total Admissible Expense	168,207	168,207	(192)	168,015
Student services	5,433	5,433	20	5,453
Continuing education	2,737	2,737		2,737
Parking Expense	217	217		217
Other Ancillary services	11,272	11,272	(104)	11,168
Commerce Business Units	2,436	2,436		2,436
Total Non-Admissible	22,095	22,095	(84)	22,011
Net Development	400	100	0	100
Retroactivity		100	(100)	0
Extraordinary Costs		804	(654)	150
Net Salary Increases and Benefits	1,017	717	1,748	2,465
Designated Expense		600		600
Additional Cut in Expenditures - to be allocated	(800)	(500)	(9,500)	(10,000)
Total Expense	190,920	192,124	(8,781)	183,343
SURPLUS/(DEFICIT)	1,000	500	1,000	1,500
Pension Plan Holiday Contribution Saving			(4,000)	(4,000)
Provision for Cost of Early Retirement Plan and Reorganization			3,000	3,000
Provision for Cost of Incentives to Improve Productivity			1,000	1,000
SURPLUS/(DEFICIT)	1,000	500	1,000	1,500

* () = unfavorable
(bud9596) May 8/95

CONCORDIA UNIVERSITY
PROVISIONAL OPERATING BUDGET 1995-96

Schedule 2
2 of 3

	PERSONNEL	NON- PERSONNEL	COST RECOVERY	REQUIRED SAVINGS (first cut)	PROVISIONAL BUDGET 1995-96
<u>EXPENSE</u>					
Academic					
Arts & Science	54,310	2,104	0	(596)	55,819
Commerce & Administration	14,572	656	0	(163)	15,065
Engineering & Computer Science	15,586	1,412	0	(180)	16,818
Fine Arts	12,609	789	0	(141)	13,258
Cupfa Allocations	0	90	0	0	90
The Chairs' Caucus	0	10	0	(0)	10
Graduate Studies	612	283	0	(10)	886
Ph.D. Humanities	37	8	0	0	45
Off-Campus Office	41	15	0	(1)	56
Learning & Development	124	27	0	(2)	149
Council for International Acad. Coop.	214	41	0	(3)	252
Centre for Mature Students	140	10	0	(1)	149
Academic General	696	356	0	(23)	1,029
Early Retirement	762	0	0	(100)	662
Faculty Research Dev. Prog.	0	875	0	0	875
Enhancement of Teaching	0	75	0	(1)	74
Institute for Cooperative Education	294	63	0	(4)	353
Lacolle Centre	90	10	0	(1)	99
Art Gallery	152	26	0	(2)	176
Graduate Student Support	0	250	0	(3)	247
Appraisals	0	80	0	(1)	79
Total	100,239	7,181	0	(1,230)	106,190
Academic Services					
Library	7,183	3,204	(42)	0	10,346
Audio-Visual	1,916	281	(50)	(24)	2,123
Computing Services	4,020	3,017	(8)	(72)	6,957
Total	13,119	6,502	(99)	(96)	19,426
Administration					
Rector's Office	445	491	0	(12)	924
Secretary General	401	113	0	0	514
Legal Counsel	87	13	0	0	100
Office of the Code Administrator	92	7	0	(13)	86
Internal Audit	169	9	0	(2)	176
Vice-Rector IRF	479	100	0	(7)	573
Vice-Rector, Academic	578	96	0	(8)	666
Vice-Rector, Services	743	330	0	(12)	1,061
Status of Women	118	12	0	(2)	128
Employment Equity	99	12	0	(1)	110
Sexual Harassment	80	24	0	(1)	103
Faculty Personnel	165	6	0	(2)	169
Industrial Liaison	113	20	0	(2)	132
Research Services	282	23	0	(3)	301
Ombuds Office	180	8	0	(2)	186
Archives	200	19	0	0	219
Public Relations	356	308	0	(7)	657
Marketing Communications	239	100	0	(4)	335
Translation	195	33	0	0	228
Conference Services	189	8	0	(3)	194
Advancement	799	236	0	(12)	1,023
Concordia Alumni	355	322	0	(8)	670
Information Services	92	6	0	(1)	97
Admissions	1,148	177	0	(15)	1,309
Liaison	281	277	0	(6)	552
Registrar	2,085	538	0	(31)	2,592
Treasury	2,313	581	0	(35)	2,859
Purchasing Services	623	23	0	(7)	639
Institutional Planning	661	48	0	(8)	700
Environmental Health & Safety	370	80	0	(5)	445
Human Resources	1,163	322	0	(17)	1,468
Communication & Marketing	0	250	0	(3)	247
CCA	154	0	0	(2)	152
Recycling	0	15	0	(0)	15
Total	15,255	4,606	0	(231)	19,630

CONCORDIA UNIVERSITY
PROVISIONAL OPERATING BUDGET 1995-96

Schedule 2
3 of 3

EXPENSE	PERSONNEL	NON- PERSONNEL	COST RECOVERY	REQUIRED SAVINGS (first cut)	PROVISIONAL BUDGET 1995-96
Operational Services					
Physical Resources	6,112	6,492	(275)	(222)	12,107
Distribution Services	629	39	(15)	(7)	645
Mail Services	291	22	0	(4)	309
Security	725	1,539	(120)	(20)	2,123
Imputations	0	0	(1,037)	0	(1,037)
Total	7,755	8,092	(1,447)	(253)	14,147
Other					
Work Study Program	52	251	0	0	303
Concordia Assistance - CCSL	0	250	0	0	250
Total	52	501	0		553
Special Items					
Rented Facilities	0	6,661	0	0	6,661
Interest (Netted)	0	1,407	0	0	1,407
Total	0	8,068	0		8,068
Total Admissible Expense	<u>136,421</u>	<u>34,951</u>	<u>(1,546)</u>	<u>(1,810)</u>	<u>168,015</u>
Non-Admissible Expense					
Student Services					
Associate Vice-Rector, Student Life	0	226	0	0	226
Recreation & Athletics	1,299	495	0	0	1,794
Counselling & Development	1,321	75	0	0	1,396
Dean of Students	54	86	0	0	140
Health Services	726	68	0	0	794
Financial Aid	381	47	0	0	428
Advocacy:					
Advocacy	253	60	0	0	312
Campus Ministry	263	16	0	0	279
Disabled Students	126	14	0	0	140
International Students	91	17	0	0	108
Women's Centre	68	13	0	0	81
Total Advocacy	800	120	0		920
CCSL Revenues (Internal)	0	0	(245)	0	(245)
CCSL Contingency	0	0	0	0	0
CCSL Transfers	0	0	0	0	0
Total Student Services	4,580	1,117	(245)		5,453
Continuing Education	2,215	522	0	0	2,737
Ancillary Services					
Bookstore	986	6,017	0	0	7,003
Art Supply Store	117	397	0	0	514
Food Services	0	526	0	0	526
Residence	168	336	0	0	504
Printing and repro. serv.	939	1,681	0	0	2,620
Parking	0	217	0	0	217
Total Ancillary Services	2,211	9,174	0		11,385
Commerce Business Units					
IATA PROGRAM IN AIRLINE MGMT	0	460	0	0	460
E.M.B.A. PROGRAM	0	837	0	0	837
EXECUTIVE DEV. PROG.	0	919	0	0	919
C.T.M.C. & C.P.M.C.	0	49	0	0	49
CTR. FOR SMALL BUS./ENTERPRISE:	0	1	0	0	1
C.A. SUMMER SCHOOL	0	170	0	0	170
Total Commerce Business Units	0	2,436	0		2,436
Total Business Units	4,426	12,132	0	0	16,558
Total Non-Admissible	<u>9,006</u>	<u>13,250</u>	<u>(245)</u>		<u>22,011</u>
Net Development	0	100	0	0	100
Extraordinary Costs	0	150	0	0	150
Net Salary Increases and Benefits	0	2,465	0	0	2,465
Designated Expense	0	600	0	0	600
Additional Cut in Expenditures - to be allocated	0	0	0	(10,000)	(10,000)
Total Expenses	<u>145,426</u>	<u>51,516</u>	<u>(1,791)</u>	<u>(11,810)</u>	<u>183,343</u>

9596/Rbud9596
May 9, 1995

The budgets shown are subject to technical and salary changes.

OPERATING GRANT 1995-96

Subvention de base	131,373
Recurrent	0
Nouvelle subvention de base	131,373
Droits normalises(Canadien & etrangers)	0
Ecart revenues	0
Etudiants etrangers	0
Depenses de base ajustees	131,373
 Ajustements aux depenses de base	 0
 Indexation-Compression	 (5,100)
Subvention de base ajustee	126,273
 Autre ajustements	
 Variation d'effectifs 93/92	 (1,600)
Frais indirects de la recherche	1,700
Nouveaux espaces en propriete	1,120
Location d'espace(moins 193 -Centres d'exc.)	5,392
Revenus etud etrang/Transfert aide fin 92-93	0
Diplomation	2,045
Indexation des depenses	0
Sous-total	134,930
 Transfert a l'aide financiere	 (3,751)
Forfaitaire des etudiants ertangers	(2,305)
 SUBVENTION DE FONCTIONNEMENT	 128,874

file:grant95

06/05/95

Model for Distribution of the Faculties' \$5.2M Cut

Five indicators have been selected to compare resource levels and teaching and research activities among Faculties (see Section 2 of the Table). Various weights have been applied to the indicators to reflect their relative importance and impact on the University's resources and government funding. A brief description of the indicators and of the methodology used to develop final budget cut figures is presented below:

Ind #1: Indicator 1 measures the relative level of research grant and contract revenues of each Faculty in 1992-93. Since research revenues cannot be compared across disciplinary sectors, Concordia's average funding level per faculty member by disciplinary sector is compared to the equivalent Quebec network figure. This statistic is then compiled for all sectors represented within each Faculty. The ratio is estimated by taking the average grant and contract received per faculty member in each Faculty at Concordia divided by the average level of funding received by faculty member in the network same disciplinary sector(s). Research data is extracted from the Ministry of Education's research database (SIRU) and faculty personnel data is from CREPUQ's faculty personnel database (EPE).

Ind #2: Indicator 2 measures the involvement of Faculties in directing graduate students in thesis programmes and in major projects, i.e. those requiring the equivalent number of credits as a thesis. It is based on a headcount of students independent of the full-time or part-time status of the student. The source data is the Registrar's Office official 1994 Fall statistics. This indicator complements Indicator 3 which assesses Teaching Load.

Ind #3: Indicator 3 measures the 1992-93 average full-time faculty teaching load (including chairs) for each Faculty. To develop this indicator, course load information has been collected and validated from each academic unit and a full-time faculty headcount from which sabbatical, non-salary, and sick leaves have been discounted proportionally to a year's work, has been determined. Since accurate and extensive information on teaching load was not available for recent years, 1992-93 was selected on the ground that it provided the most consistent basis of comparison of teaching load across Faculties.

Ind #4: Indicator 4 measures the ratio of revenue to expenditure in each Faculty. The 1992-93 estimates generated for the SCAPP Academic Planning and Budgeting Committee and presented to the university community in the Fall have been updated to 1993-94. Indicator 4 is the average of the two years' estimates. The only changes made to the original methodology are 1) the addition of interest revenues generated in 1993-94 from investing research grants and contracts; this amount is distributed among the Faculties on the basis of their share of research revenues, and 2) expenses of Dean's Offices which had been originally excluded from the ratio since the focus was on academic departments only. For information on the general methodology and data sources, please refer to the 1992-93 Revenue and Expenditure by Academic Unit Document published by the Office of Institutional Planning and Research in November 1994.

Ind #5: Indicator 5 measures the impact of clientele changes on the resource level of the University. It recognizes that net increases in student clientele - calculated over the two years 1993-94 and 1994-95 generate additional revenues for the university while net decreases in enrolment produce losses in funding. Since the impact of changes in clientele levels are almost immediate and significant on the university budget, this indicator is given the highest weight in the model.

Section 1 of the Table

This section shows the 1994-95 Faculty budgets, the percentage distribution of each Faculty budget relative to the total academic sector budget (excluding other academic sector units), and each Faculty's share of the cuts if they were allocated on a *pro-rata* basis - both on the full \$5.2 million, and on \$4.225 million, which represents the full amount reduced by the total cut from indicator 5 (this indicator 5 cut is restored at the end of the calculation, but on the basis of the actual reductions in the Faculties' lost or gained revenues due to student enrolment changes), and not *pro-rata*.

Section 2 of the Table

To derive the dollar effect of each indicator on the Faculties' budget cut, the following steps have been followed:

First, a weighted average for the University (labelled Ind Total) is calculated, by giving to each Faculty's indicator the weight that corresponds to its percentage of the total budget for all four Faculties.

Each Faculty's indicator is then compared against the weighted average (Ind Total) to derive a percentage value above or below the Ind Total.

Example: On Indicator 1, Arts and Science is 0.356; Ind Total is 0.473 and the ratio is 0.753; i.e. 24.79% less than Ind. Total.

When this percentage is multiplied by the initial *pro-rata* cut for the Faculty (i.e. on the \$4,224,642), a dollar amount is obtained.

Example: To continue with Arts and Science, 24.79% of \$2,329,596 = \$577,458

The sum over all four Faculties is automatically zero with this methodology.

Finally, weights totalling 100% are applied to the indicators to recognize their relative importance and impact on university resources and budget.

Example: To continue, the weight of Indicator 1 is 5%. Applying 5% to the above figure, i.e 5% of \$577,458 = \$28,873. It is shown as a loss, because the percentage is below the average.

Section 3 of the Table

This section presents the dollar impact of each indicator (#1 to 4) as explained above, on each Faculty, as well as the total dollar effect of the four indicators.

Section 4 of the Table

In this section, the impact of Indicator # 5 is shown weighted at 40 %. The total dollar effects of all five indicators are calculated, leading to the Final Cut. Finally, the last column shows each Faculty's budget reduction as a percentage of the total budget.

Model for the Distribution of the Faculties' \$5.2M Cut

Faculty	Faculty Budget 1994-95 ('000)	Faculty Budget Distribution	Pro-rata on the full \$5.2M	Pro-rata on: \$5.2M minus 40% of Ind #5 [A]	
<i>Arts & Science</i>	\$ 55,652	55.14%	\$ 2,867,438	\$ 2,329,596	Note: 40% of Indicator 5 = \$ 975,358 was removed pro- rata from \$5.2 M
<i>Comm. & Adm.</i>	\$ 15,164	15.03%	\$ 781,316	\$ 634,766	
<i>Eng. & Comp. Sc.</i>	\$ 16,905	16.75%	\$ 871,020	\$ 707,644	
<i>Fine Arts</i>	\$ 13,202	13.08%	\$ 680,226	\$ 552,636	
Total	\$ 100,923	100.00%	\$ 5,200,000	\$ 4,224,642	

	Ind #1 5%	Ind #2 10%	Ind #3 15%	Ind #4 30%	Ind #5 40%
Faculty	Research Revenue Ratio 1992-93	Graduate Thesis / F-T Faculty Ratio 1994-95	Teaching Load (including Chairs) 1992-93	Rev. / Exp. Ratio Average of 1992-93 & 1993-94	Clientèle Additionnelle Funding Variation from 1993-94 to 1994-95
<i>Arts & Science</i>	0.356	1.70	10.5	1.23	(\$ 795,126)
<i>Comm. & Adm.</i>	0.502	1.18	11.5	1.31	(\$ 1,307,669)
<i>Eng. & C. Sc.</i>	0.642	3.60	10.8	1.12	(\$ 518,990)
<i>Fine Arts</i>	0.719	1.67	10.8	0.84	\$ 183,390
Ind.Total*	0.473	1.936	10.740	1.173	(\$ 2,438,395)

*Note: for Indicators # 1 to # 4, the above totals are the Faculty numbers weighted by the Faculty Budget Distribution percentages.

Faculty	Dollar Effect of Indicator #1	Dollar Effect of Indicator #2	Dollar Effect of Indicator #3	Dollar Effect of Indicator #4	Dollar Effect of Inds. 1 to 4
<i>Arts & Science</i>	(\$28,873)	(\$28,419)	(\$7,801)	\$34,225	(\$ 30,868)
<i>Comm. & Adm.</i>	\$1,923	(\$24,791)	\$6,740	\$22,318	\$ 6,189
<i>Eng. & Comp. Sc.</i>	\$12,609	\$60,809	\$596	(\$9,519)	\$ 64,494
<i>Fine Arts</i>	\$14,342	(\$7,598)	\$465	(\$47,023)	(\$ 39,814)
Total	\$0	\$0	\$0	\$0	\$0

Faculty	40% of Indicator #5	Dollar Effect of Inds. 1 to 5 [B]	FINAL CUT [A] - [B]	Pro-rata on the full \$5.2M	Final Cut as a % of Faculty Budget
<i>Arts & Science</i>	(\$318,050)	(\$348,919)	\$2,678,514	\$2,867,438	4.81%
<i>Comm. & Adm.</i>	(\$523,068)	(\$516,879)	\$1,151,644	\$781,316	7.59%
<i>Eng. & Comp. Sc.</i>	(\$207,596)	(\$143,102)	\$850,747	\$871,020	5.03%
<i>Fine Arts</i>	\$73,356	\$33,542	\$519,095	\$680,226	3.93%
Total	(\$975,358)	(\$975,358)	\$5,200,000	\$5,200,000	5.15%